97TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 97-609

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

JUNE 16, 1982.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 6595]

The Committee on Ways and Means, to whom was referred the bill (H.R. 6595) to provide for a temporary increase in the public debt limit, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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I. SUMMARY

This bill provides that the public debt limit will be increased to $1,126.9 billion through August 12, 1982. Under the bill, the permanent limit will remain at $400 billion, and the temporary limit will be increased to $726.9 billion. The increase raises the temporary limit by $47.1 billion over the present limit.

The public debt limit under present law is $1,079.8 billion, which consists of a temporary limit of $679.8 billion and a permanent limit of $400 billion. Although the temporary limit will not expire until after September 30, 1982, the Administration has testified that it does not provide sufficient authority for the Administration to meet its debt management needs past June 30, 1982.

In addition to the increase in the public debt limit, the committee approved two changes in the Second Liberty Bond Act that relate to debt management. First, the interest rate ceiling on savings bonds and retirement bonds will be repealed. The Secretary of the Treasury will be authorized, with the approval of the President, to provide for increases and decreases in the investment yield on outstanding savings and retirement bonds. The statutory minimum payment of 4.0 percent is retained. Second, the authority for the Administration to issue bonds that pay a rate of interest more than the 4¼ percent statutory ceiling will be increased from $70 billion to $100 billion.

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO DATE, AND PROPOSED LIMIT THROUGH AUG. 12, 1982

[In billions of dollars]

Fiscal year	Statutory debt limitation		
	Permanent	Temporary additional	Total
1947–54	275	----------	275
1955 through Aug. 27	275	----------	275
1955: Aug. 28 through June 30	275	6	281
1956	275	6	281
1957	275	3	278

See footnote at end of table.

TABLE 1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 TO DATE, AND PROPOSED LIMIT THROUGH AUG. 12, 1982—Continued

[In billions of dollars]

Fiscal year	Statutory debt limitation		
	Permanent	Temporary additional	Total
1958 through Feb. 25	275	----------	275
1958: Feb. 26 through June 30	275	5	280
1959 through Sept. 1	275	5	280
1959: Sept. 2 through June 29	283	5	288
1959: June 30	288	5	290
1960	285	10	295
1961	285	8	293
1962 through Mar. 12	285	13	298
1962: Mar. 13 through June 30	285	15	300
1963 through Mar. 31	285	23	308
1963: Apr. 1 through May 28	285	20	305
1963: May 29 through June 30	285	22	307
1964 through Nov. 30	285	24	309
1964: Dec. 1 through June 28	285	30	315
1964: June 29 and 30	285	30	324
1965	285	39	324
1966	285	43	328
1967 through Mar. 1	285	45	330
1967: Mar. 2 through June 30	285	51	336
1968 [1]	358	----------	358
1969 through Apr. 6 [1]	358	7	365
1969 after Apr. 6 [1]	358	----------	358
1970 through June 30 [1]	365	12	377
1971 through June 30 [1]	380	15	395
1972 through June 30 [1]	400	50	450
1973 through Oct. 31 [1]	400	50	450
1973 through June 30 [1]	400	65	465
1974 through Nov. 30 [1]	400	65	465
1974: Dec. 3 through June 30 [1]	400	75.7	475.7
1975 through Feb. 18 [1]	400	95	495
1975: Feb. 19 through June 30 [1]	400	131	531
1976 through Nov. 15 [1]	400	177	577
1976 through Mar. 15 [1]	400	195	595
1976 through June 30 [1]	400	227	627
TQ: from enactment through Sept. 30, 1971 [1]	400	236	636
1977: from Oct. 1, 1976 through Mar. 31, 1977 [1]	400	282	682
1977: from Apr. 1 through Sept. 30 1977 [1]	400	300	700
1978: from Oct. 1, 1977, through July 31, 1978 [1]	400	352	752
1978: from Aug. 3, 1978, through Mar. 31, 1979 [1]	400	398	798
1979: from Apr. 2 through Sept. 30, 1979 [1]	400	430	830
1980: through June 30, 1980 [1]	400	479	879
1981: through Feb. 28, 1981 [1]	400	525	925
1981: through Sept. 30, 1981 [1]	400	535.1	935.1
1981: through Sept. 30, 1981 [1]	400	585	985
1982: through Sept. 30, 1982 [1]	400	679.9	1,079.9
Proposed:			
From enactment through Aug. 12, 1981 [1]	400	726.9	1,126.9
After Aug. 12, 1982 [1]	400	----------	400

[1] Includes FNMA participation certificates issued in fiscal year 1968.

II. EXPLANATION OF PROVISIONS

A. Increase in the Temporary Limit on the Public Debt

Present Law

The combined permanent and temporary debt limit is $1,079.8 billion, which is in effect through September 30, 1982. This limit is the combination of the permanent debt limit of $400 billion, which has no expiration date, and the temporary debt limit of $679.8 billion, which will expire after September 30, 1982.

Reasons for Change

The outstanding public debt was $1,076.1 billion at the close of business on June 11, 1982. Treasury estimates, however, that the current debt limit, a cash balance of $5.2 billion, and income tax and other receipts this month will be sufficient for the financing needs of the Federal Government through most of June 1982. The Administration has testified that the increased debt limit will be needed before June 30, 1982, so that it may carry out its present debt management plans to finance the activities of the Federal Government.

The Administration requested that the public debt limit be increased by $195 billion over the present limit to $1,275 billion through fiscal year 1983. This level is consistent with the Administration's estimate in its April revision of its budget proposal that a public debt limit of $1,131.8 billion would be needed through fiscal year 1982 and $1,265 billion through fiscal year 1983. In the estimates prepared for the public hearing on the debt limit, the Treasury Department increased the estimates by $10 billion in order to raise the level of the operating cash balance from $15 to $20 billion and to provide a $5 billion allowance for contingencies. In recent years, the operating cash balance at the end of September has been greater than $20 billion, and Treasury's request seeks to recognize that experience in setting the public debt limit. An allowance for contingencies is needed in recognition of the uncertainties inherent in making debt limit projections 16 months into the future and the risks involved in the higher average monthly levels of receipts and expenditures with current budget totals.

The Administration has informed the Committee that it would need a debt ceiling of $1,106.5 billion through July 31, 1982, and $1,126.9 billion through August 31, 1982.

Explanation of Provision

The committee decided to increase the temporary debt limit by $47.1 billion for the period from the date of enactment through August 12, 1982. This action will increase the combined permanent and temporary debt limit to $1,126.9 billion.

The committee decided to provide a debt limit increase for a two-month period because Congress has not yet passed a budget resolution for fiscal year 1983; the resolution would specify the appropriate levels of the public debt for fiscal year 1982 and through all of fiscal year 1983. In approving this temporary increase, the committee was not able to act with the guidance of a recent budget resolution and had to rely upon Administration estimates that were based upon budget assumptions that may differ from those in the congressional budget resolution.

B. Debt Management Provisions

1. Rate of interest payable on the U.S. savings bonds

Present Law

The Secretary of the Treasury has discretionary authority to set the rate of interest on savings bonds within certain statutory limits. The Secretary, with the approval of the President, may increase the investment yield on any U.S. savings bond above the current rate in any six-month period by no more than 1 percentage point (annual rate; compounded semiannually). The authority to make such increases was intended to enable the Secretary to increase the rate of interest above the statutory limit and to keep the rate competitive with comparable alternative yields.

Series EE savings bonds now yield 9 percent, compounded semiannually, when the bonds are held to maturity, which is now an 8-year period. The yield on Series HH bonds is 8½ percent; and these bonds have a maturity of 10 years, with the interest paid semiannually by check. The Secretary used his discretionary authority to put these rates into effect on May 1, 1981. He has not exercised this authority since then. Series EE and HH bonds are not marketable securities.

No person may purchase more than $15,000 in Series EE bonds, at issue price, in any one year. The limit on purchases of Series HH bonds is $20,000 per year.

The income tax payment on the interest accruals on a savings bond is deferred until the bond is redeemed.

Reasons for Change

The general increase in the structure of interest rates in recent years has resulted in a net increase of redemptions over sales of U.S. savings bonds. In the past 3 years, redemptions have exceeded sales by more than $25 billion. The Secretary's discretionary authority to raise the interest rate on savings bonds was used last on May 1, 1981, to raise the rates on Series EE bonds to 9 percent and to 8½ percent on Series HH bonds.

The Treasury Department did not use its authority to increase the rate on Series EE bonds to 10 percent on November 1, 1981, and it announced then that it would seek legislation to permit interest rates on savings bonds to be varied with current market rates. The Secretary has stated that increasing the savings bond rate might reduce the net redemptions, but it is an expensive alternative in the long run, if market interest rates decline.

Explanation of Provision

The bill repeals the statutory rules that prescribe the frequency with which the interest rate on savings (and retirement) bonds may be increased. That authority does not provide the Secretary of the Treasury with authority to reduce these interest rates on outstanding savings bonds in the event that the market yields on savings and debt instruments decline. Recent experience with making frequent statutory adjustments in interest rates to keep savings bond yields reasonably competitive with the yields on comparable private alternatives has been unsatisfactory. The committee, therefore, concurred in the Administration request for authority to relate the savings bond yields to current market rates.

To this end, the committee bill provides that the Secretary of the Treasury, with the approval of the President, may fix the investment yield on any United States savings bond. The Secretary, with the approval of the President also would be authorized to provide for increases and decreases in the yield on any outstanding United States savings bond. This authority may not be exercised, however, in a manner such that the yield on any bond for the period it is held would be decreased below the minimum yield for such period that was guaranteed at the time of its issuance or at the time the bond entered an extended maturity period.

Although the committee action does not endorse any specific plan that may be used in setting yields on savings bonds, the committee noted a possible plan that Treasury described during a public hearing on April 27, 1982.

Under the plan, the Secretary, with the approval of the President, would issue U.S. savings bonds that could assure long-term savers that the rate on savings bonds would continue to be competitive with current market rates. The new bonds may be issued with ten-year maturities. During the first five years, the yield will be increased at six month intervals, and the yield that is earned at the end of the five year period will be the guaranteed minimum rate for the remaining years to maturity. The minimum yields that will be guaranteed for each accrual period during the ten years will be expressed in terms of the prescribed redemption values of the bond. After the first five years, the yield on the bond during any accrual period could be as high as 85 percent of an average of yields on marketable five year notes but no less than the yield implied in the guaranteed redemption values.

The rate paid on savings bonds would be less than the marketable rate for several reasons: (1) savings bonds are available in smaller minimum denominations than Treasury marketable debt issues and therefore entail higher administrative costs; (2) savings bonds have tax deferral advantages which increase their effective yield after taxes (relative to marketable securities); and (3) savings bonds are redeemable at fixed values, thereby eliminating the risk of market value depreciation inherent in ownership of marketable Treasury notes. On this basis, a rate on savings bonds equal to 85 percent of the rate on marketable Treasury five-year notes is considered to be a fair rate of return.

The initially low guaranteed yield and small increase for each subsequent accrual period are designed to make the savings bonds attractive to relatively small investors with long time perspectives. These individuals would be expected to focus primarily on the guaranteed yields and redemption values and the assurance of higher yields if held for five years or more: As a result, savers with shorter-run objectives probably will find savings instruments available from savings and loan associations, commercial banks, and comparable other institutions more attractive than the new Treasury issues.

The committee intends that all references in the Second Liberty Bond Act to series E and H bonds should also apply to other savings bond series.

2. 4¼ percent limit on interest rate on bonds

Present Law

Bonds are U.S. obligations that have a maturity when issued that is longer than 10 years. The rate of interest that may be paid on a bond may not exceed 4¼ percent, except that up to $70 billion in outstanding bonds with rates of interest above 4¼ percent may be held by the public. The exception for a specified amount of bonds—initially $10 billion—was enacted in 1971, and it applied to all bonds with rates above the ceiling. An amendment in 1973 applied the $10 billion limitation only to bonds held by the public; i.e., holdings of federal agencies and the Federal Reserve were not included. The last increase in the limit was enacted in October 1980, and it raised the limit from $54 billion to $70 billion.

Reasons for Change

The Treasury Department has exhausted its $70 billion authority to issue long-term bonds and was forced to cancel its regular quarterly issues of 20-year bonds in April and 30-year bonds in May. The last bond auction was held in February 1982, and it required an interest coupon of 14 percent.

The Treasury Department believes it must continue to issue bonds to maintain a presence in all maturity sectors of the bond market and to resist shortening the maturity of the public debt. About half of the privately held marketable debt matures in one year and two-thirds within 2 years. The average maturity was 4 years and one month at the end of February 1982.

Inability of the Treasury Department to continue the quarterly bond cycle may also disrupt the bond market. Disruption would occur because of market uncertainty about Treasury plans and how to allocate investable funds among private and public issues and among different maturities. In addition, the Treasury Department believes that maintaining a stable bond market reduces borrowing costs in the long run, even though the interest rate when a bond is issued may be high in terms of historical patterns.

The Committee did not believe that the Treasury Department should be precluded from participating in the long-term bond market. However, the Committee felt that it is not appropriate at this time to provide unlimited authority.

Explanation of Provision

The committee approved an additional $30 billion in the exception from the interest rate ceiling; this action raises the exception to $100 billion. The Treasury Department will be able to continue to operate in the long-term bond market in 1982 and 1983 with this authority, if it continues its long-term bond debt management practices of the past few years.

III. APPENDIX

TABLE I.—DEBT LIMITATIONS UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION

	In billions
Sept. 24, 1917:	
40 Stat. 288, sec. 1, authorized bonds in the amount of	[1] $7.5
40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding revolving authority	[2] 4.0
Apr. 4, 1981:	
40 Stat. 502, amending sec. 1, increased bond authority to	[1] 12.0
40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to	[2] 8.0
July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to	[2] 20.0
Mar. 3, 1919:	
40 Stat. 13, amending sec. 5, increased authority for certificates outstanding to	[2] 10.0
40 Stat. 1309, new sec. 18 added, authorizing note in the amount of	[1] 7.0
Nov. 23, 1921: 42 Stat. 321 amending sec. 18, increased note authority outstanding (established revolving authority) to	[2] 7.5
June 17, 1929: 46 Stat. 19 amending sec. 5, authorized bills in lieu of certificates of indebtedness; no change in limitation for the outstanding	[2] 10.0
Mar. 30, 1931: 46 Stat. 1506 amending sec. 1, increased bond authority to	[1] 28.0
Jan. 30, 1934: 49 Stat. 343 amending sec. 18, increased authority for notes outstanding to	[1] 10.0
Feb. 4, 1935:	
49 Stat. 20, amending sec. 1, limited bonds outstanding (establishing revolving authority) to	[2] 25.0
49 Stat. 21, new sec. 21 added, consolidating authority for certificates and bills (sec. 5) and authority for notes (sec. 18); same aggregate amount outstanding	[2] 20.0
49 Stat. 21, new sec. 22 added, authorizing U.S. savings bonds within authority of sec. 1	
May 26, 1938: 52 Stat. 447, amending sec. 1 and 21, consolidating in sec. 21 authority for bonds, certificates of indebtedness, Treasury bills, and notes (outstanding bonds limited to $30,000,000,000). Same aggregate total outstanding	[2] 45.0
July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitation on bonds without changing total authorized outstanding bond, certificates of indebtedness, bills and notes	[2] 45.0
July 25, 1940: 54 Stat. 526, amending sec. 31, adding new paragraph: "(b) In addition to the amount authorized by the preceding paragraph of this section, any obligation authorized by secs. 5 and 18 of this Act, as amended, not to exceed in the aggregate $4,000,000,000 outstanding at any one time, less any retirements made from the special funds made available under sec. 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated 'National Defense Series'"	[2] 49.0
Feb. 19, 1941: 55 Stat. 7, amending sec. 21, limiting face amount of obligations issued under authority of act outstanding at any one time to	[2] 65.0
Eliminated separated authority for $4,000,000,000 of national defense series obligations	[2] 65.0

See footnotes at end of table.

TABLE I.—DEBT LIMITATION UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION—Continued

	In billions
Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to	[1] 125.0
Apr. 11, 1943: 57 Stat. 63, amending sec. 21, increased limitation to	[1] 210.0
Apr. 3, 1945: 59 Stat. 47, amending sec. 21 to read: "The face amount of obligations issued under authority of this act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate, $300,000,000,000 outstanding at one time"	[1] 300.0
June 26, 1946: 60 Stat. 316, amending sec. 21, adding: "The current redemption value of any obligation issued on a discount basis which is redeemable to maturity at the option of the holder thereof, shall be considered, for the purposes of this section to be the face amount of such obligation," and decreasing limitations to	[1] 278.0
Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, increasing temporary limitation by $6,000,000,000 to	[1] 281.0
June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to	[1] 281.0
July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, increasing temporary limitation by $30,000,000,000 for period, beginning July 1, 1955, and ending June 30, 1957 to	[1] 278.0
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1956, to	[1] 275.0
Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1969, increasing limitation by $5,000,000,000	[1] 280.0
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation by $5,000,000,000	[1] 280.0
Sept. 2, 1958: 72 Stat. 1758, amending sec 21, increasing limitation to $283,000,000,000, which with temporary increase of Feb. 26, 1958, makes limitation	[1] 288.0
June 30, 1959: Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to $295,000,000,000, which with temporary increase Feb. 26, 1958, makes limitation on June 30, 1959	[1] 290.0
Amending sec. 21, increasing limitation by $10,000,000,000, for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 3, 1959	295.0
July 30, 1960: 74 Stat. 290, amending sec. 21, for period beginning on July 1, 1960, and ending June 30, 1961, temporarily increasing limitation by $8,000,000,000	[1] 293.0
June 30, 1961: 75 Stat. 148, amending sec. 21, for period beginning on July 1, 1961, and ending June 3, 1972, increasing limitation by $13,000,000,000 to	[1] 298.0
Mar. 13, 1962: 75 Stat. 23, amending sec. 21, for period beginning on Mar. 13, 1962, and ending June 3, 1962, further increasing limitation by $2,000,000,000	[1] 300.0
July 1, 1962: 76 Stat. 124 as amended by 77 Stat. 50, amending sec. 21, for period—	
1. Beginning July 1, 1962, and ending Mar. 31, 1963	[1] 308.0
2. Beginning Apr. 1, 1963, and ending June 24, 1963	305.0
3. Beginning June 25, 1963, and ending June 30, 1963	[1] 300.0
May 29, 1963: 77 Stat. 50, amending sec. 21, for period—	
1. Beginning May 29, 1963, and ending June 30, 1963	[1] 307.0
2. Beginning July 1, 1963, and ending Aug. 31, 1963	[1] 309.0
Aug. 27, 1963: 77 Stat. 131, amending sec. 21, for the period beginning on Sept. 1, 1963, and ending on Nov. 30, 1963	[1] 309.0
Nov. 26, 1963: Stat. 342, amending sec. 21, for the period—	
1. Beginning on Dec. 1, 1963, and ending June 29, 1964	[1] 315.0
2. On June 30, 1964	[1] 309.0

See footnotes at end of table.

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TABLE I.—DEBT LIMITATIONS UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION—Continued

	In billions
June 29, 1964: 78 Stat. 225, amending sec. 21, for the period beginning June 29, 1964, and ending June 30, 1965, increasing the temporary debt limit to	[2] 324.0
June 24, 1965: 79 Stat. 172, amending sec. 21, for the period beginning July 1, 1965, and ending on June 30, 1966, increasing the temporary debt limit to	[2] 328.0
June 24, 1966: 80 Stat. 21, amending sec. 21, for the period beginning July 1, 1966, and ending on June 30, 1967, increasing the temporary debt limit to	[2] 330.0
Mar. 2, 1967: 81 Stat. 4, amending sec. 21, for the period beginning Mar. 2, 1967, and ending on June 30, 1967, increasing the temporary debt limit to	[2] 336.0
June 30, 1967: 81 Stat. 99—	
1. Amending sec. 21, effective June 30, 1967, increasing limitation to	[2] 358.0
2. Increasing the temporary debt limit by $7,000,000,000 for the period from July 1 to June 29 of each year, to make the limit for such period	[2] 365.0
Apr. 7, 1969: 84 Stat. 7—	
1. Amending sec. 21, effective Apr. 7, 1969, increasing debt limitation to	[2] 365.0
2. Increasing the temporary debt limit by $12,000,000,000 for the period from Apr. 7, 1969, through June 30, 1970, to make the limit for such period	[2] 377.0
June 30, 1970: 84 Stat. 368—	
1. Amending sec. 21, effective July 1, 1970, increasing debt limitation to	[2] 380.0
2. Increasing the temporary debt limit by $15,000,000,000 for the period from July 1, 1970, through June 20, 1971, to make the limit for such period	[2] 395.0
Mar. 17, 1971: 85 Stat. 5—	
1. Amending sec. 21, effective Mar. 17, 1972, increasing debt limitation to	[2] 400.0
2. Increasing the temporary debt limit by $30,000,000,000 for the period from Mar. 17, 1971, through June 30, 1972, to make the limit for such period	[3] 430.0
Mar. 15, 1972: 86 Stat. 63, increasing the temporary debt limit by an additional $20,000,000,000 for the period from Mar. 15, 1972, through June 30, 1972, to make the limit for such period	[2] 450.0
July 1, 1972: 86 Stat. 406, extending the temporary debt limit of $50,000,000,000 for the period from July 1 through Oct. 31, 1972 to make the limit for such period	[2] 450.0
Oct. 27, 1972: 86 Stat. 1324, increasing the temporary public debt by $65,000,000,000 for the period from Nov. 1, 1972, through June 30, 1974, to make the limit for such period	[2] 465.0
July 1 1973: 87 Stat. 134, extending the temporary debt limit of $65,000,000,000 for the period from June 30, 1973, through Nov. 30, 1973, to make the limit for such period	[2] 465.0
Dec. 3, 1973: 87 Stat. 691, increasing the temporary debt limit by $75,700,000,000 for the period from Dec. 7, 1973, through June 30, 1974, to make the limit for such period	[2] 475.7
June 30, 1974: 88 Stat. 285, increasing the temporary debt limit by $95,000,000,000 for the period from June 3, 1974, through Mar. 31, 1975, to make the limit for such period	[2] 495.0
Feb. 19, 1975: 89 Stat. 5, increasing the temporary debt limit by $131,000,000,000 for the period from Feb. 10, 1975, through June 3, 1976 to make the limit for such period	[2] 531.0

See footnotes at end of table.

TABLE I.—DEBT LIMITATIONS UNDER SEC. 21 OF THE SECOND LIBERTY BOND ACT AS AMENDED—HISTORY OF LEGISLATION—Continued

	In billions
June 30, 1975: 89 Stat. 246, increasing the temporary debt limit by $177,000,000,000 for the period from June 30, 1975, through Nov. 16, 1975, to make the limit for such period	[2] 577.0
Nov. 14, 1975: 89 Stat. 693, increasing the temporary debt limit by $195,000,000,000 for the period from Nov. 14, 1975, through Mar. 15, 1975, to make the limit for such period	[2] 595.0
Mar. 15, 1976: 90 Stat. 217, increasing the temporary debt limit by $227,000,000,000 for the period from Mar. 15, 1976, through June 30, 1976, to make the limit for such period	[2] 627.0
June 30, 1976: 90 Stat. 793—	
1. Increasing the temporary debt limit by $236,000,000,000 for the period from July 1, 1976, through Sept. 30, 1976, to make the limit for such period	[2] 636.0
2. Increasing the temporary debt limit by $282,000,000,000 for the period from Oct. 1, 1976, through Mar. 3, 1977, to make the limit for such period	[2] 682.0
3. Increasing the temporary debt limit by $300,000,000,000 for the period from Apr. 2, 1977, through Sept. 30, 1977, to make the limit for such period	[2] 700.0
Oct. 4, 1977: 91 Stat. 1090, increasing the temporary debt limit by $352,000,000,000 for the period from the date of enactment through Mar. 31 1978, to make the limit for such period	[2] 752.0
Mar. 27, 1978: 92 Stat. 185, extending the temporary debt limit of $352,000,000,000 from the date of enactment through July 31, 1978, to make the limit for such period	[2] 752.0
Aug. 3, 1978: 92 Stat. 419, increasing the temporary debt limit by $398,000,000,000 from the date of enactment through Mar. 31, 1979, to make the limit for such period	[2] 798.0
Apr. 2, 1979: 93 Stat. 8, increasing the temporary debt limit by $430,000,000,000 from the date of enactment through September 30, 1979, to make the limit for such period	[2] 830.0
Sept. 29, 1979: 93 Stat. 589, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through May 31, 1980, to make the limit for such period	[2] 879.0
May 30, 1980: 94 Stat. 421, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through June 5, 1980, to make the limit for such period	[2] 879.0
June 6, 1980: 94 Stat. 439, increasing the temporary debt limit by $479,000,000,000 from the date of enactment through June 30, 1980, to make the limit for such period	[2] 879.0
June 28, 1980: 94 Stat. 598, increasing the temporary debt limit by $525,000,000,000 from the date of enactment through February 28, 1981, to make the limit for such period	[2] 925.0
December 19, 1980: P.L. 96–556, increasing the temporary debt limit by 535,100,000,000 from the date of enactment through September 30, 1981, to make the limit for such period	[2] 935.1
February 7, 1981: P.L. 97–2, increasing the temporary debt limit by $585,000,000,000 from the date of enactment through September 30, 1981, to make the limit for such period	[2] 985.0
September 30, 1981: P.L. 97–48, increasing the temporary debt limit by $599,800,000,000 from the date of enactment through September 30, 1981, to make the limit for such period	[2] 999.8
September 30, 1981: P.L. 97–49, increasing the temporary debt limit by $679,800,000,000 from the date of enactment through September 30, 1982, to make the limit for such period	[2] 1,079.8

[1] Limitation on issue.
[2] Limitation on outstanding.

TABLE II.—OUTSTANDING PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEARS 1916–80, AND ON JUNE 11, 1982

Fiscal year:	*Millions*	Fiscal year:	*Millions*
1916	$1,225	1950	$255,382
1917	2,976	1951	253,283
1918	12,455	1952	257,233
1919	25,485	1953	264,220
1920	24,299	1954	269,379
1921	23,977	1955	272,348
1922	22,963	1956	270,619
1923	22,350	1957	269,120
1924	21,251	1958	275,396
1925	20,516	1959	282,419
1926	19,643	1960	283,827
1927	18,512	1961	286,308
1928	17,604	1962	296,374
1929	16,931	1963	302,923
1930	16,185	1964	308,583
1931	16,801	1965	314,126
1932	19,487	1966	316,293
1933	22,539	1967	323,143
1934	27,053	1968	[1] 348,534
1935	28,701	1969	[1] 356,107
1936	33,779	1970	[1] 372,600
1937	36,425	1971	[1] 398,650
1938	36,882	1972	[1] 427,751
1939	40,371	1973	[1] 458,264
1940	43,219	1974	[1] 475,181
1941	49,494	1975	[1] 534,207
1942	74,154	1976	[1] 620,556
1943	140,469	Transition quarter	[1] 635,822
1944	208,077	1977	[1] 699,963
1945	268,671	1978	[1] 772,691
1946	268,932	1979	[1] 827,614
1947	255,767	1980	[1] 908,723
1948	250,381	1981	[1] 998,818
1949	250,965	1982	[2] 1,076,077

[1] Includes FNMA participation certificates issued in fiscal year 1968 in debt of fiscal years 1968–79.
[2] Debt at close of business, June 11, 1982.

Source: Annual Report of the Secretary of the Treasury for fiscal year 1924, table 34, p. 544, for 1916–17; Annual Report for fiscal year 1962, table 507, for 1938 and 1939; Annual Report for fiscal year 1976, Statistical Appendix, table 21, p. 67, for 1940–76; Treasury Bulletin, April 1980, table FD–8, p. 36 for 1977 through 1981, and Daily Treasury Statement, June 11, 1982.

IV. COSTS OF CARRYING OUT THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

Budget Effects

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the effect on the revenues of H.R. 6595, as reported.

The committee does not believe that the changes made by this bill in the debt limit will result in any costs, either in the current fiscal year or in any of the 5 fiscal years following that year. The changes in debt management authority also should not raise costs and, in the long run, may reduce debt management costs.

The Treasury Department agrees with this statement.

Committee Vote

In compliance with clause 2(l)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote by the committee on the motion to report the bill. The bill, as amended, was ordered favorably reported by voice vote.

V. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECOND LIBERTY BOND ACT

AN ACT To authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow, from time to time, on the credit of the United States for the purposes of this Act, to provide for the purchase, redemption, or refunding, at or before maturity, of any outstanding bonds, notes, certificates of indebtedness, or Treasury bills of the United States, and to meet expenditures authorized for the national security and defense and other public purposes authorized by law, such sum or sums as in his judgment may be necessary, and to issue therefor bonds of the United States.

The bonds herein authorized shall be in such form or forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding four and one-quarter per centum per annum, and time or times of payment of interest, as the Secretary of the Treasury from time to time at or before the issue thereof may prescribe. Bonds authorized by this section may be issued from time to time to the public and to Government accounts at a rate or rates of interest exceeding 4¼ per centum per annum; except that bonds may not be issued under this section to the public, or sold by a Government account to the public, with a rate of interest exceeding 4¼ per centum per annum in an amount which would cause the face amount of bonds issued under this section then held by the public with rates of interest exceeding 4¼ per centum per annum to exceed [$70,000,000,000.] *$100,000,000,000.*

The bonds herein authorized shall from time to time first be offered at not less than par as a popular loan, under such regulations, prescribed by the Secretary of the Treasury from time to time, as will in his opinion give the people of the United States as nearly as may be an equal opportunity to participate therein, but he may make allotment in full upon applications for smaller amounts of bonds in advance

of any date which he may set for the closing of subscriptions and may reject or reduce allotments upon later applications and applications for larger amounts, and may reject or reduce allotments upon applications from incorporated banks and trust companies for their own account and make allotment in full or large allotments to others, and may establish a graduated scale of allotments, and may from time to time adopt any or all of said methods, should any such action be deemed by him to be in the public interest: *Provided*, That such reduction or increase of allotments of such bonds shall be made under general rules to be prescribed by said Secretary and shall apply to all subscribers similarly situated. And any portion of the bonds so offered and not taken may be otherwise disposed of by the Secretary of the Treasury in such manner and at such price or prices, not less than par, as he may determine. The Secretary may make special arrangements for subscriptions at not less than par from persons in the military or naval forces of the United States, but any bonds issued to such persons shall be in all respects the same as other bonds of the same issue.

Notwithstanding the provisions of the foregoing paragraph, the Secretary of the Treasury may from time to time, when he deems it to be in the public interest, offer such bonds otherwise than as a popular loan and he may make allotments in full, or reject or reduce allotments upon any applications whether or not the offering was made as a popular loan.

The Secretary of the Treasury, with the approval of the President, may provide by regulations that the investment yield on any offerings of bonds issued under this Act which are described in section 405(b) or 409(a) of the Internal Revenue Code of 1954 (relating to retirement plan bonds and individual retirement bonds, respectively) be increased for the interest accrual periods specified in such regulations so that the investment yield on such bonds for such periods is consistent with the investment yield on new offerings of such bonds.

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SEC. 21. The face amount of obligations issued under authority of this Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate $400,000,000,000 [1] outstanding at any one time, subject to any increases or decreases in such limit which may from time to time be provided by law (through the congressional budget process as described in rule XLIX of the Rules of the House of Representatives or otherwise). The current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder thereof shall be considered, for the purposes of this section, to be the face amount of such obligation.

SEC. 22. (a) The Secretary of the Treasury, with the approval of the President, is authorized to issue, from time to time, through the Postal Service or otherwise, United States savings bonds and United States Treasury savings certificates, the proceeds of which shall be available to meet any public expenditures authorized by law, and to retire any outstanding obligations of the United States bearing in-

[1] The bill as reported provides for a temporary increase of $726,900,000,000 in this debt ceiling for the period beginning on the date of enactment of the bill and ending on August 12, 1982.

terest or issued on a discount basis. The various issues and series of the savings bonds and the savings certificates shall be in such forms, shall be offered in such amounts, subject to the limitation imposed by section 21 of this Act, as amended, and shall be issued in such manner and subject to such terms and conditions consistent with subsections (b), (c), and (d) hereof, and including any restrictions on their transfer, as the Secretary of the Treasury may from time to time prescribe.

(b) (1) Savings bonds and savings certificates may be issued on an interest-bearing basis, on a discount basis, or on a combination interest-bearing and discount basis and shall mature, in the case of bonds, not more than twenty years, and in the case of certificates, not more than ten years, from the date as of which issued. Such bonds and certificates may be sold at such price or prices, and redeemed before maturity upon such terms and conditions as [the Secretary of the Treasury may prescribe: *Provided*, That the interest rate on, and the issue price of, savings bonds and savings certificates and the terms upon which they may be redeemed shall be such as to afford an investment yield not in excess of 5½ per centum per annum compounded semiannually] *the Secretary of the Treasury may prescribe.* The denominations of savings bonds and savings certificates shall be such as the Secretary of the Treasury may from time to time determine [and shall be expressed in terms of their maturity value]. The Secretary of the Treasury is authorized by regulation to fix the amount of savings bonds and savings certificates issued in any one year that may be held by any one person at any one time. The investment yield on series E savings bonds shall in no case be less than 4 per centum per annum compounded semiannually for the period beginning on the first day of the calendar month following the date of issuance (or, beginning on October 1, 1976, if later) and ending on the last day of the calendar month preceding the date of redemption.

(2) The Secretary of the Treasury, with the approval of the President, is authorized to provide by regulations:

(A) That owners of series E and H savings bonds may, at their option, retain the bonds after maturity, or after any period beyond maturity during which such bonds have earned interest, and continue to earn interest upon them at rates which are consistent with the provisions of paragraph (1).

(B) That series E and H savings bonds on which the rates of interest have been fixed prior to such regulations will earn interest at [higher] rates which are consistent with the provisions of paragraph (1).

[(3) The Secretary of the Treasury, with the approval of the President, may fix the investment yield on any United States savings bond at a yield which is above the 5½ per centum limitation contained in paragraph (1). The aggregate of the increases in investment yield which may take effect during any 6-month period pursuant to the preceding sentence for any United States savings bonds may not exceed 1 per centum per annum compounded semiannually.]

(3) The Secretary of the Treasury, with the approval of the President, may fix the investment yield on any United States savings bond.

The Secretary of the Treasury, with the approval of the President, may provide for increases and decreases in the investment yield on any outstanding United States savings bond; except that the investment yield on any bond for the period held may not be decreased below the minimum yield for such period guaranteed at the time of its issuance.

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SEC. 22A. (a) In addition to the United States savings bonds authorized to be issued under section 22 of this Act, the Secretary of the Treasury, with the approval of the President, is authorized to issue from time to time, through the Postal Service or otherwise, United States retirement and savings bonds, the proceeds of which shall be available to meet any public expenditures authorized by law and to retire any outstanding obligations of the United States bearing interest or issued on a discount basis. The various issues and series of United States retirement and savings bonds shall be in such forms, shall be offered in such amounts, subject to the limitations imposed by section 21 of this Act, and shall be issued in such manner and subject to such terms and conditions consistent with subsections (b), (c), and (d) of this section, including any restrictions on their transfer, as the Secretary of the Treasury may from time to time prescribe.

(b) (1) Retirement and savings bonds shall be issued only on a discount basis, and shall mature not less than ten nor more than thirty years from the date as of which issued, as the terms thereof may provide. Such bonds shall be sold at such price or prices and shall be redeemable before maturity upon such terms and conditions as [the Secretary of the Treasury may prescribe, except that the issue price of such bonds, and the terms upon which they may be redeemed at maturity, shall be such as to afford an investment yield of not more than 5 per centum per annum, compounded semiannually.] *the Secretary of the Treasury may prescribe.* The denominations of such bonds shall be such as the Secretary of the Treasury may from time to time determine and shall be expressed in terms of their maturity values. The Secretary of the Treasury is authorized by regulations to fix the maximum amount of such bonds issued in any one year that may be held by any one person at any one time, except that such maximum amount shall not be less than $3,000.

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PUBLIC LAW 97–49

Joint Resolution

To provide for a temporary increase in the public debt limit

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, [That during the period beginning on October 1, 1981, and ending on September 30, 1982, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by $679,800,000,000.]

VI. OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clauses 2(l)(3) and 2(l)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made with respect to the committee's action on H.R. 6595, as reported.

Oversight Findings

With regard to subdivision (A) of clause 2(l)(3), the committee advises that its hearings led to the conclusion that an increase in the public debt limit is required at the present time because the statutory temporary limitation in present law will be insufficient after June 1982 to refund outstanding debt as it matures and to make payments for authorized government operations from the general fund in the Treasury Department. The changes in the rules governing the issue of savings bonds and long-term marketable bonds are needed to keep Treasury debt issues competitive in the financial markets.

Budget Authority and Tax Expenditures

In compliance with subdivision (B) of clause 2(l)(3), the committee states that the changes made by the bill provide no new budget authority and no new or increased tax expenditures.

Consultation with Congressional Budget Office on Budget Estimates

With respect to subdivision (C) of clause 2(l)(3), the committee advises that no estimate or comparison has been prepared by the Director of the Congressional Budget Office relative to any of the provisions of H.R. 6550.

Oversight by Committee on Government Relations

With respect to subdivision (D) of clause 2(l)(3), the committee advises that no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations regarding the subject matter of the committee bill.

Inflationary Impact

In compliance with clause 2(l)(4) of Rule XI, the committee states that the debt limitation and debt management changes are not expected to have an inflationary impact on prices and in costs in the operation of the national economy.

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